

An Investigation of the relationship between Relationship Marketing and Supportive Marketing: A Study in Banking Industry

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Abstract

Due to increased competition in business world and the need to understand the importance of customer retention for organizations, lead to development and maintenance of long-term relationships with customers. The best strategy which contributes to achieving this goal is relationship marketing. Nowadays, due to intense competition among commercial organizations, the use of relationship marketing does not suffice. This research investigate the effects of the factors of relationship marketing and supportive marketing on customer loyalty.

A descriptive research method has been used in this study and the data have been gathered through questionnaires and have been analyzed using the SPSS software. The statistical population includes the customers of Melli Bank in Babol Township and sampling has been done using Krejcie and Morgan Table and 384 people were selected. The results show that there is a positive and significant between relationship marketing, supportive marketing and customer loyalty in Melli Bank of Babol Township.

Keywords: relationship marketing, supportive marketing , customer loyalty

Introduction:

Thorough knowledge of customers, their needs and wants involves establishing close relationships with customers. Relationship marketing is a new approach in banking industry, the main goal of which is to create close and long-term relations in order to get thorough knowledge about customers and fulfill their needs and wants. Due to the increased competition among banks all over the world, relationship marketing has been considered a reliable method for establishing and maintaining long-term relationships with customers, because the services that can be provided by the commercial banks are by far the same and it is difficult for most banks to differentiate their services with those of their competitors. Thus, a large number of banks in the world have turned to the use of relationship marketing approach and the implementation of its foundations. With the emergence of private banks besides the state-owned banks and the increased competition in the banking industry in Iran, we should take measures to retain customers and create long-term relations with them, because unfriendly relationships with customers will cause the bank to lose its opportunities and thus lose the competition (Barari, Ranjbarian, 2010).

Theoretical basis of research:

As the services provided by commercial banks are by far the same, and it is difficult for most banks to differentiate these services from their competitors', a large number of banks in the world have adopted the use of relationship marketing approach (Barari, Ranjbarian, 2010). The concept of relationship marketing was first used for services, and relationship marketing was used as a tool and strategy to attract and improve relationships with customers. According to most researchers, one of the results of applying relationship marketing in banks and other service sectors is customer loyalty, which has attracted the attention of marketing specialists and practitioners. Nowadays, acquiring a new customer costs between 5 and 7 times as much as retaining the existing customers. Therefore, it is obvious that the customer is the most important asset of a company. Customer retention and attracting his loyalty is a crucial issue for business (Ranjbarian and Barari, 2009). The banking industry is not an exception to this rule. Therefore, banks need to seek different management strategies so as to improve their customers' loyalty (Ehigie, 2006). Nowadays, bank managers are required to understand their customers' needs and wants in order to prevent them from turning to their rival banks, so that they can meet their needs better, and establish long-term business with them. Therefore, the best approach that may help achieve this goal is the relationship marketing approach. Iranian organizations should understand the need to pay attention to customers' needs and step toward recognizing and fulfilling their needs and wants and try to keep their customers loyal to them (Ranjbarian & Barari, 2009). With the emergence of private banks besides the state-owned banks and the increased competition among them, relationship marketing can be regarded as an important tool for achieving this goal. Managers and business owners have found that the first principle is communication, but they do not not succeed as expected, their brands do not have much durability and they have fewer loyal customers. Accordingly, one may say that relationship marketing is necessary but not sufficient. Therefore, in order for the state-owned banks to succeed in the competition and achieve their objectives, they should use supportive marketing besides the relationship marketing approach. For this purpose, the Iranian banks have always been trying to develop strategies and programs to create and maintain long-term relationships with customers and to make them loyal. However, planning in this area requires an understanding of the banks and their strengths and weaknesses in the creation of customer relationship and loyalty.

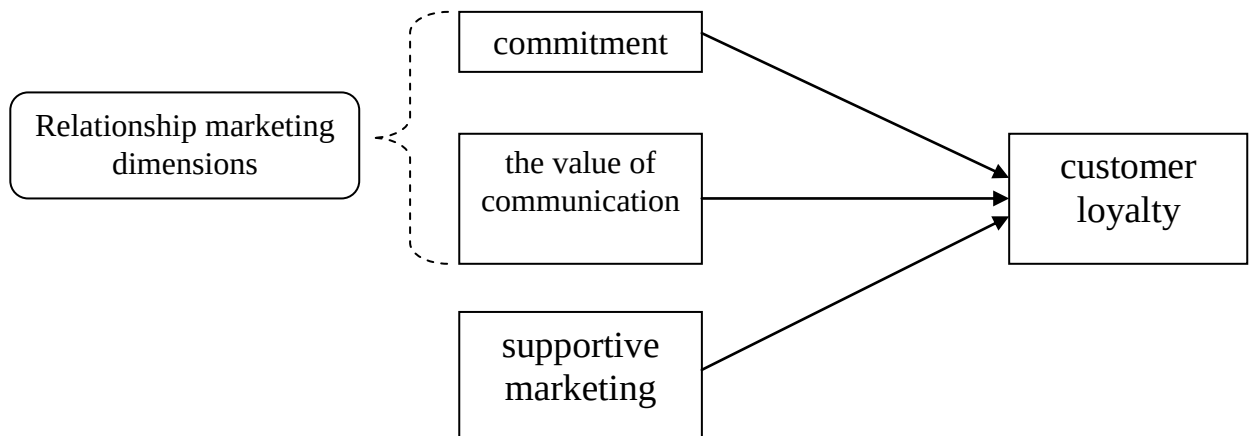


Figure 1-1. The conceptual model of the research (Sheidaei Habashi et al. 2015)

Research Background:

Samadi et al (2014) did a study called "Designing a Model for customer loyalty of the auto insurance of the insurance companies with emphasis on the role of relationship marketing bonds" and showed that financial and structural bonds have the greatest impact on customer loyalty, social bond has the greatest impact on relationship quality, structural bond has a positive and significant effect on the relationship quality and service quality, services have a positive and significant effect on the relationship quality, and finally relationship quality has a positive and significant effect on customer loyalty.

Hosseini and colleagues (2013) conducted a study called "The Direct and Indirect Effects of Relationship Marketing Elements on Students' Loyalty ", in which they showed that trust affects commitment both directly and indirectly through satisfaction. They also showed that satisfaction affects students' loyalty both directly and indirectly through commitment. Finally, the relationship between commitment and loyalty was also confirmed in this study.

Alishiri et al (2013) did a study called " The Impact of Relationship Marketing Factors on Customer Loyalty in Kerman Balan Agency," and showed that there is a significant relationship among the components of relationship marketing (trust, communication, commitment, conflict management) and the highest correlation was found between commitment and trust.

Ghazizadeh and colleagues (2012) did a study called "The effect of relationship marketing on customer loyalty using the developed relationship marketing" and showed that there is a significant relationship between the variables feelings, relationship quality, financial benefits, social factors and structural bonds. They also stated that these three factors influence the quality of relations and that emotions affect the relationship quality, and thus lead to customer loyalty.

Chu et al (2012) carried out a study called "Relationship Marketing and Customer Behavior Change", in which they showed that financial benefits, social factors and structural bonds improve consumer value and will result in the increased customer loyalty.

Samanta (2011) in a study entitled " The Impact of e-Customer Relationship Marketing in Hotel Industry» , in which the difficulty in staff training has been introduced as the biggest obstacle to the implementation of customer relationship management system and has caused the hotels not to make use of the benefits of customer maintenance.

Ndubisi (2009) conducted a study entitled "Relationship marketing and customer loyalty", in which he investigated the impact of the four independent variables of trust, commitment, communication and conflict management on the dependent variable "customer loyalty". The results showed that these four independent variables have a significant effect on customer loyalty and these four variables are significantly related to one another.

Jayakody & Sanjeewani (2009) carried out a study called " The impact of salesperson transformational leadership behavior on customer relationship marketing behavior " . The results of their study showed that the idealized influence behavior and individualized considerate behavior of salespersons positively affect customers' trust and customers' relationship commitment. It was also found that the joint effect of both customers' trust and individualized considerate behavior of the salesperson is greater than each alone on customers' relationship commitment.

Research methodology:

We have adopted a descriptive and correlational research method in this study, because the researchers tend to get the required information by use of the research findings, describe them without any changes and identify and discover the impact of relationship marketing and supportive marketing on customer loyalty in Melli Bank Branches of Babol Township. The study population includes all customers of the branches of Melli Bank Branches of Babol Township, which is an indefinite population. Therefore, due to the infinitude of the population and Morgan and Krejcie Table, the smallest number determined for this study was 384 customers of this bank. The needed information was obtained using library studies including books, magazines and articles, research reports, the existing documents as well as a questionnaire. It should be mentioned that Likert's five-point scale from 1 (very much) to 5 (very little) has been used in the questionnaire.

The Validity and Reliability of the Research:

Cronbach's alpha method is used for measuring the internal consistency of the measurement tools such as questionnaires or tests that measure different characteristics. In these tools, the answer to each question can adopt different values. One should first calculate the variance of the scores of each subset of the questionnaire items and the total variance in order to determine Cronbach's alpha coefficient. The alpha coefficient should then be obtained using the following formula.

$$\alpha = \left(\frac{j}{j - 1} \right) \left(1 - \frac{\sum S_j^2}{S^2} \right)$$

Where:

$= j$ = the number of subsets of the questionnaire items

$= S_j^2$ = variance of the subtest

$= S^2$ = variance of the total test

In order to measure the reliability, the primary sample was pretested with 30 questionnaires using Cronbach's alpha method and then the reliability coefficient was calculated for this tool using the data obtained from the questionnaire and using SPSS statistical software. Table 3-1 shows the Cronbach's alpha of each factor and all the questionnaire items.

Table 1-1. Cronbach's alpha coefficient of the questionnaire

factor	Cronbach's alpha
relationship marketing	0.77
supportive marketing	0.81
commitment	0.86
the value of communication	0.82
The total questions	0.83

We have consulted the supervisors, assistant professors and other professors for assessing the validity of the questionnaire.

$\left\{ \begin{array}{l} H_0: \text{The distribution of the observations is based on the normal distribution.} \\ H_1: \text{The distribution of the observations is not based on the normal distribution.} \end{array} \right.$

$\left\{ \begin{array}{l} P - \text{Value (sig)} > \alpha = 0.05 \rightarrow \text{confirmation of } H_0 \\ P - \text{Value (sig)} < \alpha = 0.05 \rightarrow \text{confirmation of } H_1 \end{array} \right.$

Table 1-2. Kolmogorov-Smirnov Test

parameters	Level of error (α)	P-Value	Test result
commitment	0.05	0.000	non-normal data distribution
The value of communication	0.05	0.000	non-normal data distribution
supportive marketing	0.05	0.000	non-normal data distribution
customer loyalty	0.05	0.000	non-normal data distribution

The main hypothesis of the research:

There is a significant relationship between relationship marketing, supportive marketing and customer loyalty in Melli Bank Branches of Babol Township.

The Sub-hypotheses of the research:

- 1- There is a significant relationship between commitment and customer loyalty.
- 2- There is a significant relationship between the value of communication and customer loyalty.
- 3- There is a significant relationship between supportive marketing and customer loyalty.

The Analysis of Data:

To analyze the data, we have used descriptive statistics such as frequency, percentage, frequency distribution tables, mean and standard deviation. We have also used Kolmogorov-Smirnov (KS) Test in the inferential statistics sector due to the ranked data and used Spearman correlation test by help of SPSS Software due to the way the data were distributed.

Research Findings:

The main hypothesis: There is a significant relationship between supportive marketing and customer loyalty in Melli Bank of Babol Township.

The conditions for the rejection or acceptance of the test are as follow:

$$\left\{ \begin{array}{l} P \geq \alpha = 0.05 \rightarrow \text{confirmation of } H_0 \\ P < \alpha = 0.05 \rightarrow \text{confirmation of } H_1 \end{array} \right.$$

Table 1-3. Relationship between relationship marketing, supportive marketing and customer loyalty

customer loyalty		Dependent variable
levelofsignificance	Correlation coefficient	Independent variable
0.000	0.424	Relationship marketing and supportive marketing

The first sub-hypothesis: There is a significant relationship between commitment and customer loyalty.

The conditions for the rejection or acceptance of the test are as follow:

$$\left\{ \begin{array}{l} P > \alpha = 0.05 \rightarrow \text{confirmation of } H_0 \\ P < \alpha = 0.05 \rightarrow \text{confirmation of } H_1 \end{array} \right.$$

Table 1-4. Relationship between commitment and customer loyalty

customer loyalty		Dependent variable
levelofsignificance	Correlation coefficient	Independent variable
0.000	0.540	commitment

The second sub-hypothesis: There is a significant relationship between the value of communication and customer loyalty.

The conditions for the rejection or acceptance of the test are as follow:

$$\left\{ \begin{array}{l} P > \alpha = 0.05 \rightarrow \text{confirmation of } H_0 \\ P < \alpha = 0.05 \rightarrow \text{confirmation of } H_1 \end{array} \right.$$

Table 1-5. The relationship between value of communication and customer loyalty

customer loyalty		Dependent variable
levelofsignificance	Correlation coefficient	Independent variable
0.000	0.357	value of communication

The third sub-hypothesis: There is a significant relationship between supportive marketing and customer loyalty.

The conditions for the rejection or acceptance of the test are as follow:

$$\left\{ \begin{array}{l} P > \alpha = 0.05 \rightarrow \text{confirmation of } H_0 \\ P < \alpha = 0.05 \rightarrow \text{confirmation of } H_1 \end{array} \right.$$

Table 1-6. Relationship between supportive marketing and customer loyalty

customer loyalty		Dependent variable
Level of significance	Correlation coefficient	Independent variable
0.000	0.610	The use of supportive marketing

Conclusion:

Customer loyalty is considered the key to commercial success. Loyal customers will lead to greater profitability, create higher re-purchases, raise the market share and result in the better and further introduction of their firms to others. Due to the positive effects of customer loyalty in the banks and the role of these financial institutions in the economy of the country, and due to the importance of Melli Bank as a major bank in Iran, the managers and officials of this bank are required to pay a particular attention to customer loyalty and how to attract their customers' satisfaction, support and loyalty.

The bank managers' attention, especially the marketing managers', to the elements of relationship marketing can pave the way for attracting the customers' satisfaction and loyalty. Obviously, if the bank can attract the customers' trust using different ways, it can change them into potential marketers for its own services and gain vast capital for itself by creating loyalty in the customers. Loyal customers return to the bank themselves and encourage others to use its services as well. This can bring success and competitive advantage for the banks in today's competitive market where both state-owned and private banks are active. Thus, the managers of Melli Bank Branches of Babol Township should plan for attracting their customers' satisfaction and loyalty, particularly through supportive marketing and relationship marketing elements.

Table 1-7. Results of testing the research hypotheses

hypothesis	Level of significance	Correlation coefficient	result
The main hypothesis	0.000	0.424	confirmed
H1	0.000	0.540	confirmed
H2	0.000	0.357	confirmed
H3	0.000	0.610	confirmed

Practical suggestions:

The following suggestions are also made in this respect:

1. Holding training workshops for managers and employees of the branches on how to behave or deal with customers.
2. Establishing the mechanized systems for dealing with customers' complaints and protests and reporting the results to them,
3. Encouraging the committed staff using different ways in order to increase their commitment to services.
4. Informing customers about when and how to do the banking affairs and trying to act in accordance with the obligations and commitments.
5. Providing facilities for young married couples with easy conditions.
6. Providing facilities for the treatment of costly and incurable diseases.

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